U.S. House of Representatives

COMMITTEE ON HOUSE ADMINISTRATION

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527 Bill Guts Campaign Finance Reform

Dear Colleague:

I am urging you to **oppose HR 513**, the "527 Reform Act of 2005," as amended by the House Rules Committee yesterday.

This bill amends the Federal Election Campaign Act ("FECA") of 1971 as well as guts out significant portions of the Bipartisan Campaign Reform Act ("BCRA") of 2002.

HR 513, as amended, does the following:

- *Rolls back current limits on Congressional campaign committee spending in supporting a candidate in a House general election.* In 2006, Congressional committees are limited to spend $79,200 in a Congressional race. This amount is set by law and adjusted for inflation. Under current law, Congressional campaign committees possess the authority to spend unlimited amounts on a campaign. Congressional committees must currently borrow and use the limits assigned by law to each party's national committee and each state party committee. This bill will lift current caps and upset the balance of spending;

- *Eliminates Congressional campaign committee limits on party spending for Congressional candidates.* This bill allows each party to accept transfers from other committees within the party structure when spending for a candidate. This change will enable the National Republican Congressional Committee to accept unlimited transfers from the Republican National Committee for use in spending on any Congressional campaign. An unlimited flow of funds could very well wipe out your campaign as Republicans outspend Democrats 5:1;

- *Changes virtually all 527's into Federal PACs that will be subject to federal contribution limits.* This bill will significantly hamper the ability of individuals and groups to associate and further political and voter mobilization goals, even though 527's must act independently of candidates and parties and fully disclose their receipts and spending under current law;

- *May force 527's to reorganize into 501(c) structures and become subject to a "penalty" tax while leaving corporate tax rules on businesses unchanged.* Section 501(c) organizations will need to finance substantially more of their communications about federal candidates and voter mobilization activities through federal PACs or taxable general treasury spending under HR 513. Furthermore, if the IRS determines a Section 501(c) group's general treasury spending to be election-influencing, this group will be forced to pay a 35% tax on that spending. This bill skews FECA in favor of business corporations over unions and other non-profit groups, disturbing the balance of federal election law; and

- *Unjustly shields federal officeholders from public criticism and accountability by prohibiting groups from engaging in public speech about their official conduct.* This bill insulates Members of Congress from any public criticism for a full year prior to election and undermines political speech of individuals who band together in advocacy organizations and unions to speak out about federal candidates and issues of national importance. Indeed, attempts to hold elected officials accountable for their records could be punished as politically corrupt activity.

I urge you to **oppose today's legislation** because it will certainly hinder the rights of Americans to exercise their First Amendment free speech and association rights. Please join me in opposing this bill.

For more information, please contact me or my Elections Counsel, Thomas Hicks, with the Committee on House Administration at (202) 225-2061.

Sincerely,

JUANITA MILLENDER-McDONALD
Ranking Member